

ORIGINAL

OPEN MEETING

MEMORANDUM



0000141505

TO: THE COMMISSION

AZ CORP
DOCKET NO.

FROM: Utilities Division

2013 JAN 18 AM 10 38

DATE: January 18, 2013

RE: **COMPLIANCE FILING PER DECISION NO. 73559** - Best Management Practices for Empirita Water Company, LLC (Docket No W-03948A-12-0181)

Introduction

On October 17, 2012, the Commission issued Decision No. 73559 granting Empirita Water Company, LLC ("Empirita" or "Company") a rate increase. As part of the Decision, the Commission ordered that Empirita "shall submit three Best Management Practices, as a compliance item in this docket, in the form of tariffs that substantially conform to the templates created by Staff (and available on the Commission's Website) for Commission review and consideration."¹

Company's Compliance Filing

On December 7, 2012, Empirita filed its proposed Best Management Practice ("BMP") tariffs. In its compliance filing the Company is requesting Commission approval to implement the conservation measures listed below.

1. **Local and/or Regional Messaging Program Tariff – BMP 1.2:** A program for the Company to actively participate in a water conservation campaign with local or regional advertising (Modified Non-Per Capita Conservation Program BMP Category 1: Public Awareness/Public Relations 1.1: Local and/or Regional Messaging Program).
2. **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation.
3. **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

Arizona Corporation Commission

DOCKETED

JAN 18 2013

DOCKETED BY

DM

¹ Decision No. 73559 at 10:1-4.

Staff's Analysis

Empirita Background Information and Service Area Characteristics

Empirita is providing water utility service to approximately 33 residential customers in a rural subdivision where all customers are served by 5/8 X 3/4" meters. Empirita's Certificate of Convenience and Necessity service area is approximately three square miles in size and is located approximately eight miles west of Benson, in Cochise County.

Empirita believes that the Local and/or Regional Messaging Program Tariff (BMP 1.2) will help the Company to promote water conservation.

Empirita believes that under its new rate structure the High Water Use Notification Tariff (BMP 3.7) could benefit its customers and promote conservation. The Company believes that this tariff will enable it to cost effectively send the high users information on water conservation.

Empirita believes that it needs to inform its customer base that tampering with the water system is illegal the Water System Tampering Tariff (BMP 5.2) will provide the Company with more enforcement capabilities and help facilitate customer notification and compliance.

Proposed Tariffs

Staff created a set of BMP tariff templates that were developed using the BMP descriptions outlined in the Arizona Department of Water Resources' ("ADWR") modified Non-Per Capita Conservation Program and relevant ADWR documents. ADWR representatives were provided with a copy of these templates and revisions were made to the templates where appropriate to incorporate any comments/suggestions provided by ADWR. The tariffs proposed conform to the templates developed by Staff.

Recommendation

Staff has concluded that the BMPs proposed are relevant to Empirita's service area characteristics. The tariffs proposed by Empirita conform to the templates developed by Staff. Staff recommends approval of the BMP tariffs filed by Empirita on December 7, 2012, attached hereto as Exhibit A.



Steven M. Olea
Director
Utilities Division

SMO:KS:sms/BH

Originator: Katrin Stukov

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
SUSAN BITTER-SMITH
Commissioner
BOB BURNS
Commissioner

IN THE MATTER OF THE APPLICATION)
OF EMPIRITA WATER COMPANY, LLC)
FOR A PERMANENT RATE INCREASE:)
COMPLIANCE FILING PER DECISION)
NO. 73559)

DOCKET NOS. W-03948A-12-0181

DECISION NO. _____

ORDER

Open Meeting
February 12 and 13, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Empirita Water Company, LLC ("Empirita" or "Company") is certificated to provide water service as a public service corporation in the State of Arizona.

2. On October 17, 2012, the Commission issued Decision No. 73559 granting Empirita a rate increase. As part of the Decision, the Commission ordered that Empirita "shall submit three Best Management Practices, as a compliance item in this docket, in the form of tariffs that substantially conform to the templates created by Staff (and available on the Commission's Website) for Commission review and consideration."¹

3. On December 7, 2012, Empirita filed its proposed Best Management Practice ("BMP") tariffs. In its compliance filing the Company is requesting Commission approval to

¹ Decision No. 73559 at 10:1-4.

1 implement the conservation measures listed below:

- 2 • **Local and/or Regional Messaging Program Tariff – BMP 1.2:** A program for the
3 Company to actively participate in a water conservation campaign with local or
4 regional advertising (Modified Non-Per Capita Conservation Program BMP
5 Category1: Public Awareness/Public Relations 1.1: Local and/or Regional
6 Messaging Program).
- 7 • **Customer High Water Use Notification Tariff – BMP 3.7:** A program for the
8 Company to monitor and notify customers when water use seems to be abnormally
9 high and provide information that could benefit those customers and promote water
conservation.
- **Water System Tampering Tariff – BMP 5.2:** The purpose of this tariff is to
promote the conservation of groundwater by enabling the Company to bring an
action for damages or to enjoin any activity against a person who tampers with the
water system.

10 **Staff's Analysis**

11 Empirita Background Information and Service Area Characteristics

12 4. Empirita is providing water utility service to approximately 33 residential
13 customers in a rural subdivision where all customers are served by 5/8 X 3/4" meters. Empirita's
14 Certificate of Convenience and Necessity service area is approximately three square miles in size
15 and is located approximately eight miles west of Benson, in Cochise County.

16 5. Empirita believes that the Local and/or Regional Messaging Program Tariff (BMP
17 1.2) will help the Company to promote water conservation.

18 6. Empirita believes that under its new rate structure the High Water Use Notification
19 Tariff (BMP 3.7) could benefit its customers and promote conservation. The Company believes
20 that this tariff will enable it to cost effectively send the high users information on water
21 conservation.

22 7. Empirita believes that it needs to inform its customer base that tampering with the
23 water system is illegal and the Water System Tampering Tariff (BMP 5.2) will provide the
24 Company with more enforcement capabilities and help facilitate customer notification and
25 compliance.

26 Proposed Tariffs

27 8. Staff created a set of BMP tariff templates that were developed using the BMP
28 descriptions outlined in the Arizona Department of Water Resources' ("ADWR") modified Non-

1 Per Capita Conservation Program and relevant ADWR documents. ADWR representatives were
2 provided with a copy of these templates and revisions were made to the templates where
3 appropriate to incorporate any comments/suggestions provided by ADWR. The tariffs proposed
4 conform to the templates developed by Staff.

5 **Recommendation**

6 9. Staff has concluded that the BMPs proposed are relevant to Empirita's service area
7 characteristics. The tariffs proposed by Empirita conform to the templates developed by Staff.
8 Staff has recommended approval of the BMP tariffs filed by Empirita on December 7, 2012,
9 attached hereto as Exhibit A.

10 CONCLUSIONS OF LAW

11 1. Empirita Water Company, LLC is a public service corporation within the meaning
12 of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

13 2. The Commission has jurisdiction over Empirita Water Company, LLC and of the
14 subject matter.

15 3. The Commission having reviewed the filing and Staff's Memorandum dated
16 January 18, 2013, concludes that it is in the public interest to approve the proposed BMP tariffs
17 attached hereto as Exhibit A.

18 ORDER

19 IT IS THEREFORE ORDERED that the Empirita Water Company, LLC BMP tariffs
20 attached hereto as Exhibit A are hereby approved.

21 IT IS FURTHER ORDERED that the Empirita Water Company, LLC shall notify its
22 customers, in a form acceptable to Staff, of the BMP tariffs authorized herein and their effective
23 date by means of either an insert in the next regularly scheduled billing or by a separate mailing
24 and shall provide copies of the BMP tariffs to any customer, upon request.

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1 IT IS FURTHER ORDERED that Empirita Water Company, LLC shall file with Docket
2 Control, as a compliance item in this docket, the BMP tariffs authorized herein within 30 days of
3 the effective date of this Decision.

4 IT IS FURTHER ORDERED that the BMP tariffs authorized herein shall go into effect 30
5 days after the date notice is sent to customers.

6 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

7
8 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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10 _____
11 CHAIRMAN

COMMISSIONER

12
13 COMMISSIONER

COMMISSIONER

COMMISSIONER

14
15 IN WITNESS WHEREOF, I, JODI A. JERICH, Esq.,
16 Executive Director of the Arizona Corporation Commission,
17 have hereunto, set my hand and caused the official seal of
18 this Commission to be affixed at the Capitol, in the City of
19 Phoenix, this _____ day of _____, 2013.

20 _____
21 JODI A. JERICH, Esq.
22 EXECUTIVE DIRECTOR

23 DISSENT: _____

24 DISSENT: _____

25 SMO:KS:sms/BH
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1 SERVICE LIST FOR: EMPIRITA WATER COMPANY, LLC
2 DOCKET NOS.: W-03948A-12-0181

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EXHIBIT A

Company: Empirita Water Company, LLC

Decision No.: 73559

Phone: (520)-544-5610

Effective Date: 11/01/2012

Local and/or Regional Messaging Program Tariff – BMP 1.1

PURPOSE

A program for the Company to actively participate in a water conservation campaign with local or regional advertizing (Modified Non-Per Capita Conservation Program BMP Category 1: Public Awareness/Public Relations 1.1: Local and/or Regional Messaging Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company or designated representative shall actively participate in water conservation campaign with local and/or regional advertising.
2. The campaign shall promote ways for customers to save water.
3. The Company shall facilitate the campaign through one or more of the following avenues (not an all inclusive list):
 - a. Television commercials
 - b. Radio commercials
 - c. Websites
 - d. Promotional materials
 - e. Vehicle signs
 - f. Bookmarks
 - g. Magnets
4. The Company shall keep a record of the following information and make it available to the Commission upon request.
 - a. A description of the messaging program implemented and program dates.
 - b. The number of customers reached (or an estimate).
 - c. Costs of Program implementation.

Company: Empirita Water Company, LLCDecision No.: 73559Phone: (520)-544-5610Effective Date: 11/01/2012**Customer High Water Use Notification Tariff – BMP 3.7****PURPOSE**

A program for the Company to monitor and notify customers when water use seems to be abnormally high and provide information that could benefit those customers and promote water conservation (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services Program 3.7: Customer High Water Use Notification).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall track water usage for each customer and notify the customer if water use seems excessive for that particular billing for that time of the year.
2. The Company shall identify customers with high consumption and investigate each instance to determine the possible cause.
3. The Company shall contact the high water use customers via telephone, email, by mail or in person. The Company shall contact the customer as soon as practical in order to minimize the possible loss of water. The customer will not be required to do anything to receive this notification.
4. In the notification the Company shall explain some of the most common water usage problems and common solutions and points of contact for dealing with the issues.
5. In the notification, the customer will be reminded of at least the following water-saving precautions:
 - a. Check for leaks, running toilets, or valves or flappers that need to be replaced.
 - b. Check landscape watering system valves periodically for leaks and keep sprinkler heads in good shape.
 - c. Adjust sprinklers so only the vegetation is watered and not the house, sidewalk, or street, etc.
 - d. Continue water conservation efforts with any pools such as installing covers on pools and spas and checking for leaks around pumps.
6. In the notification, the customer will also be reminded of at least the following ordinary life events that can cause a spike in water usage:
 - a. More people in the home than usual taking baths and showers.
 - b. Doing more loads of laundry than usual.
 - c. Doing a landscape project or starting a new lawn.
 - d. Washing vehicles more often than usual.
7. The Company shall provide water conservation information that could benefit the customer, such as, but not limited to, audit programs, publications, and rebate programs.
8. The Company shall assist the customer in a self-water audit and assist the customer in determining what might be causing the high water usage as well as supply

Company: Empirita Water Company, LLC

Decision No.: 73559

Phone: (520)-544-5610

Effective Date: 11/01/2012

customer with information regarding water conservation and landscape watering guidelines. As part of the water audit the Company shall confirm the accuracy of the customer meter if requested to do so by the customer (applicable meter testing fees shall apply).

9. The type of notification, the timing of the notification (i.e., how long after high water use was discovered by the Company), and the criteria used for determining which customers are notified shall be recorded and made available to the Commission upon request.

Company: Empirita Water Company, LLC

Decision No.: 73559

Phone: (520)-544-5610

Effective Date: 11/01/2012

WATER SYSTEM TAMPERING TARIFF – BMP 5.2

PURPOSE

The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission, specifically Arizona Administrative Code ("AAC") R14-2-410 and the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. In support of the Company's water conservation goals, the Company may bring an action for damages or to enjoin any activity against a person who: (1) makes a connection or reconnection with property owned or used by the Company to provide utility service without the Company's authorization or consent; (2) prevents a Company meter or other device used to determine the charge for utility services from accurately performing its measuring function; (3) tampers with property owned or used by the Company; or (4) uses or receives the Company's services without the authorization or consent of the Company and knows or has reason to know of the unlawful diversion, tampering or connection. If the Company's action is successful, the Company may recover as damages three times the amount of actual damages.
2. Compliance with the provisions of this tariff will be a condition of service.
3. The Company shall provide to all its customers, upon request, a complete copy of this tariff and AAC R14-2-410. The customers shall follow and abide by this tariff.
4. If a customer is connected to the Company water system and the Company discovers that the customer has taken any of the actions listed in No. 1 above, the Company may terminate service per AAC R14-2-410.
5. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.